

D.P.U. 93-5D

Application of Fitchburg Gas and Electric Light Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 199, for approval by the Department of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months November, December, 1993 and January 1994; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00. The rules established in 220 C.M.R. 8.00 set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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-and-

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FOR: FITCHBURG GAS AND ELECTRIC
LIGHT COMPANY
Petitioner

I. INTRODUCTION

On September 30, 1993, pursuant to G.L. c. 164, § 94G and 220 C.M.R. 8.00, Fitchburg Gas and Electric Light Company ("Fitchburg" or "Company") notified the Department of Public Utilities ("Department") of the Company's intent to file a quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 199, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 25. The Company requested that both of these changes be effective for bills issued pursuant to meter readings for the billing months of November and December 1993, and January 1994. This matter was docketed as D.P.U. 93-5D.

Pursuant to notice duly issued, a public hearing on the Company's application was held on October 26, 1993, at the Department's offices in Boston. Notice of the hearing was published by the Company in the Fitchburg-Leominster Sentinel and the Worcester Telegram. The Company also complied with the requirement to mail a copy of the notice of the hearing to the Chairman of the Board of Selectmen and the Town Clerks of the towns of Lunenburg, Ashby, and Townsend, and the Mayor and City Clerk of the City of Fitchburg, to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. One petition to intervene was filed by Kenetech Energy Systems, Inc.

("Kenetech") on October 19, 1993. Kenetech withdrew the petition to intervene on October 20, 1993.

At the hearing, the Company sponsored one witness: David W. Lavoie, contracts administration supervisor for UNITIL Service Corporation ("UNITIL")¹. The Company submitted one exhibit, which was entered into evidence.

The Company owns and operates one generating unit, Fitchburg Unit No. 7, a gas turbine of approximately 28 megawatts ("MW"), and receives power under various arrangements from units operated by others. The arrangements include entitlements to 20 MW of the New Haven Harbor unit in Connecticut, which is operated by United Illuminating Company; and one MW of the Wyman 4 unit, operated by the Central Maine Power Company. Fitchburg serves approximately 24,000 customers; in 1992, the Company reported revenues from retail sales of electricity of \$38,897,920, as found in its 1992 Annual Report to the Department.

II. FUEL CHARGE

On October 19, 1993, the Company filed with the Department its proposed changes to its fuel charge and QF power purchase rates for November and December 1993, and January 1994. For these billing months, the Company proposes a fuel charge of \$0.04315 per kilowatthour ("KWH"). The proposed fuel charge is \$0.00373 per KWH less than the fuel charge of \$0.04688 per KWH

¹ UNITIL, an affiliate of Fitchburg, provides management services to Fitchburg, including the development of the Company's electric fuel charge.

approved by the Department in Fitchburg Gas and Electric Light Company, D.P.U. 93-5C (1993) for meter readings for the billing months of August, September, and October 1993.

The Company's witness testified that the proposed decrease in the fuel charge resulted from a forecasted increase in KWH sales while total expenses are expected to remain essentially the same (Exh. FGE-1, at 2). He stated that sales are expected to increase by 8.8 percent or 8,146,075 KWH, from the previous quarter due primarily to seasonally higher demand id. at 2-3). The Company's witness explained that this would result in an eight percent decrease in the fuel charge id. at 2; Tr. at 6). He explained that total expenses remained essentially the same due to three factors: (1) completion of scheduled maintenance on the Company's base load generation sources; (2) an expected decrease in oil prices; and (3) inclusion of an economic short term power purchase in the Company's forecast (Exh. FGE-1, at 3; Tr. at 6-7). He stated that these factors would eliminate any increase in expenses related to the projected increase in system requirements (Exh. FGE-1, at 3).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules, 220 C.M.R. §§ 8.00 et seq., rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in

18 C.F.R. § 292.203(a) and adopted by the Department in 220 C.M.R. § 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate,i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. § 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during November and December 1993, and January 1994:

Energy Rates By Voltage Level (\$/MWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
NEPOOL Trans.	27.67	20.23	23.57
Fitchburg 69 KV	27.76	20.29	23.64
13.8 KV Subtrans.	28.01	20.48	23.86
Primary	29.94	21.07	25.05
Secondary	30.23	21.44	25.39

² The Company's witness testified that the Company refined its method of calculating the QF rate (Exh. FGE-1, at 4; Tr. at 22-23). He stated that the Company no longer included short term purchases paid at the small power producer rate in the base case (Exh. FGE-1, at 4). The witness explained that inclusion of short term purchases in the base case distorted the calculation of the true avoided costs associated with the short term purchases id. at 4-5; Tr. at 22-23).

Short-Run Capacity Rates (Mills/KWH)Voltage Level

NEPOOL Trans.	23.06
Fitchburg 69 KV	23.13
13.8 KV Subtrans.	23.34
Primary	24.95
Secondary	25.19

IV. FINDINGS

Based on the foregoing, the Department finds:

1. that the fuel charge to be applied to Company bills issued pursuant to meter readings for the billing months of November and December 1993, and January 1994, shall be \$0.04315 per KWH. (The calculation of the fuel charge is shown in Table 1 attached to this order.)

2. that the qualifying facility power purchase rates for November and December 1993, and January 1994, shall be the rates set forth in Section III above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That Fitchburg Gas and Electric Light Company is authorized to put into effect a quarterly fuel charge of \$0.04315 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of November and December 1993, and January 1994, subject to refund; and it is

FURTHER ORDERED That the fuel charge approved herein shall apply to kilowatt hours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED That the Company's Qualifying Facility power purchase rates for the billing months of November and December 1993, and January 1994, shall be those set forth in the Table on pages four and five of this Order; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,